

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on “Evaluating the Role of FERC in a Changing Energy Landscape”
December 5, 2013

(As Prepared for Delivery)

Today’s hearing is entitled, “Evaluating the Role of FERC in a Changing Energy Landscape.” Let me begin by first expressing my congratulations to the Honorable Cheryl LaFleur who was recently named Acting FERC Chairman. Welcome Chairman LaFleur, and welcome to the other commissioners.

Today provides us the opportunity to consider the legal and regulatory authorities of the Federal Energy Regulatory Commission (FERC) and evaluate the manner in which FERC carries out its statutory duties under the Federal Power Act, the Natural Gas Act, and other authorities. FERC is tasked with regulating the interstate transmission of natural gas, oil, and electricity. FERC also is responsible for evaluating proposals to build LNG terminals and interstate natural gas pipelines, as well as the licensing of non-federal hydropower projects. FERC also oversees the reliability of the electric grid.

The reliability of the grid is of particular interest to me given the dramatic shift we are experiencing in the electric generation portfolio. Much of this shift has been driven by the vast amounts of natural gas that are being developed. But this shift also is being driven in large part by the EPA’s new and proposed regulations aimed at prohibiting the use of coal to produce electricity. So I have serious concerns regarding how the president’s policies directly aimed at trying to bankrupt the coal industry will impact grid reliability, fuel diversity, and electricity prices for families and businesses. Given FERC’s role in overseeing the reliability of the grid, I am very interested in understanding what impacts FERC believes will result from the elimination of a significant portion of affordable and reliable baseload generation.

I am also concerned with FERC’s implementation of Order No. 1000 – FERC’s rule on federal transmission planning and cost allocation. Some of FERC’s initial compliance orders conflict with FERC’s statements before this subcommittee that it would be flexible and respect regional differences while implementing Order 1000. And I continue to have concerns that Order 1000 will, to the detriment of ratepayers, allow for the broad socialization of costs to pay for transmission lines that will carry expensive wind energy to load centers, even when the economic or reliability benefits will be minimal.

Finally, with respect to organized wholesale electricity markets, the committee stands ready to work with FERC as it continues to examine ways to improve the functioning of such markets to ensure consumers will continue to receive reliable electricity at affordable rates.

The sectors and industries regulated by FERC comprise a substantial portion of the U.S. economy and infrastructure, so it is critical that FERC carry out its statutory duties independently and effectively, and do so in a manner that will help facilitate our new era of energy abundance.

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